



## CDFA Circular 2016-02

**Related to:** CDBG Economic Development - Microenterprise program

**Subject:** Eligible activities for reimbursement and rates

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### **Summary**

This CDFA Circular provides information on how CDFA plans to reimburse sub recipients for each low- to moderate-income beneficiary enrolled in the training and technical assistance programs and for lending services in the 2015 microenterprise program.

### **Background**

CDFA noted that it was necessary to standardize the reimbursement rate for training and technical assistance in the microenterprise program starting in program year 2015. After a careful review of prior applications and current programs and services it is clear that the services provided by sub recipients under the microenterprise program are consistently of high quality and value to those that are served. It was also clear that there was not a significant difference in service provided. Therefore it is reasonable and fair that sub recipients be reimbursed at a consistent rate.

CDFA noted in review of the current programs and from feedback received from current sub recipients that there is no means available for reimbursement for lending activities to micro enterprises. Lending is prioritized in the CDBG program as an important aspect of the microenterprise program but it is not being supported by the program.

### **Decision**

CDFA will reimburse Grantees, who will reimburse sub recipients for training and technical assistance in the amount of \$2,500 per beneficiary.

A beneficiary is a low-and-moderate income microenterprise owner. A microenterprise is defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. A beneficiary may receive assistance for up to three years.

CDFA will reimburse Grantees, who will reimburse sub recipients for the provision of services that lead to a loan to a microenterprise in the amount of \$2,500 per loan closing. In addition to

the regular documentation requirements with the claim, evidence of the loan closing in the form of loan documents is required.

**Justification**

Section 105(a) (22) of the Housing and Community Development Act of 1974 (HCDA)

**Effective Date** July 1, 2015, Beginning of FY15 program year

**Waiver authority?** No